



stadium
VIEW

FAYETTEVILLE

Multi-Family Investment Opportunity
Downtown Fayetteville, NC

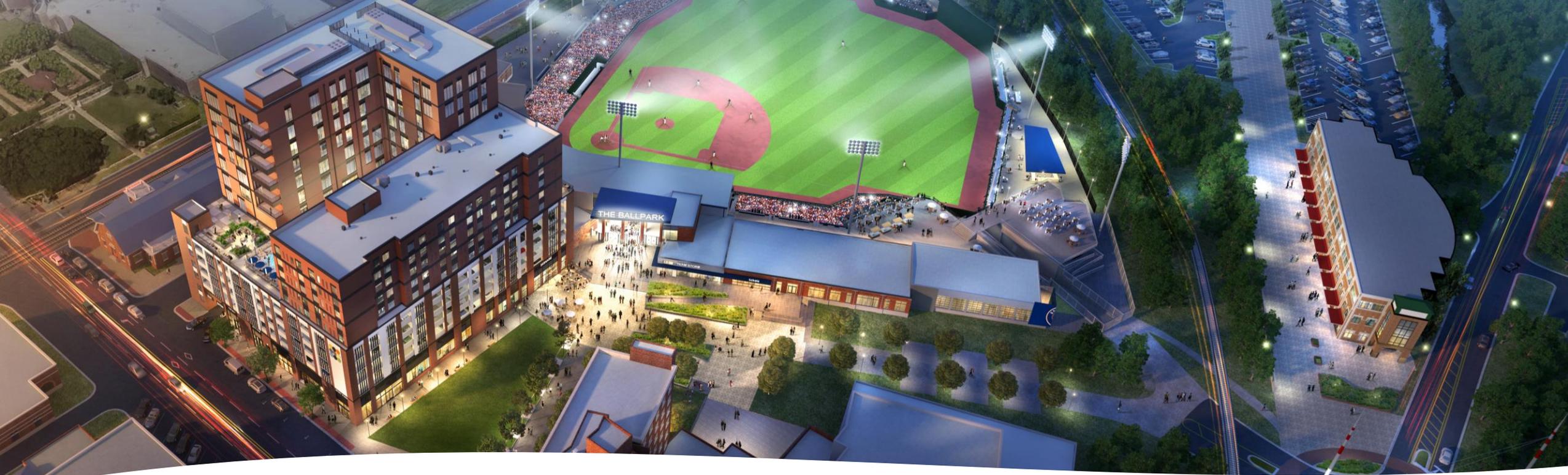
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EXECUTIVE SUMMARY

The **Hay Street Master Development** is a mixed-use development representing over **\$75M** of private development surrounding the recently completed minor league baseball stadium and public plaza in downtown Fayetteville, NC. The Fayetteville Woodpeckers (Houston Astros Class A Advanced team) began playing in the new stadium April 2019. PCH Development Co (PCH) is committed to the following development surrounding the stadium:

- Redevelopment of the Historic Prince Charles into 59 apartments above retail (delivered May 2019)
- Purchase of the 45,000 SF Festival Park Plaza (FPP) office building to the north of the stadium (April 2019)
- New construction of a 5-level, 482-space parking garage behind the stadium (delivered March 2020)
- New construction of **Stadium View Fayetteville** – 215 luxury apartments above the parking garage with direct views into the ballpark, overlooking the new public plaza, and the rest of Downtown

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Stadium View will bring a true live-work-play opportunity to downtown Fayetteville with:

- 215 luxury studio, 1 and 2 BR apartments
- 15k SF of ground floor, stadium-entry retail
- Reserved, covered parking in garage below
- Rooftop pool and courtyard overlooking downtown
- SkyView lounge for residents' private use
- 24/7 gym
- Walking distance to 20 restaurants/bars
- Additional amenities TBD



Market Overview

Fayetteville is the sixth largest city in North Carolina with a population of over 210,000 and is the cultural and economic center for the surrounding six county region. The City's MSA has grown by 20,000 residents from 2015 to 2020, bringing the total over 400,000 and a population of 650,000 within a 30-minute drive. Fayetteville has been recognized three times as an "All-America City" by the National Civic League and is known as a community of "History, Heroes and a Hometown Feeling."

Fort Bragg, the largest military installation in the United States, is located 10 miles from the site and contributes significantly to the stabilization of the local economy. Approximately 51,000 active duty soldiers are stationed at Fort Bragg, with support from an estimated 23,000 civilian employees and contractors. The direct impact of payroll alone for military and civilian personnel added over \$3.6 billion to the regional economy in federal fiscal year 2013.

Other major employers include the Cape Fear Valley Health System (9th largest health system in North Carolina and it's largest hospital located less than four miles from the site), Goodyear Tire & Rubber Company (one of its largest tire producing factories in the world is located in Fayetteville), and Wal-Mart with its distribution center and retail outlets.

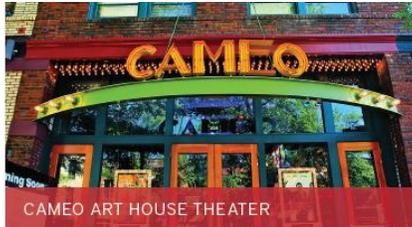
Within 10 miles of project site, more than 43,000 jobs pay greater than \$45,000. The Cape Fear Valley Health System recently added more than 300 jobs in 2016 that will pay more than \$45,000. Within the last five years, Fayetteville's ten largest employers added more than 5,800 jobs that pay higher than \$45,000.

Fayetteville has a larger millennial population percentage (15.9%) than North Carolina (12.6%) and the US (13.9%). 49% percent of Fayetteville's households chose to rent (compared to 34% in NC and 35% nationally).

Downtown Fayetteville has seen significant public and private investment over the last 15 years – the baseball stadium has further distinguished the CBD as the regional cultural and entertainment hub and these investments have significantly strengthened the downtown market demand for residential.



Downtown Fayetteville



meet the neighbors



destinations & dining

FOOD AND BEVERAGE

- | | | |
|-----------------------------------|----------------------------------|--------------------------|
| 1 Subway | 9 Winterbloom Tea | 17 Airborne Brew* |
| 2 The Tap House | 10 Pierra's Italian Bistro | 18 Charley's Pub |
| 3 Huske Hardware House | 11 Bright Light Brewing Company* | 19 The Sweet Palette |
| 4 Just Desserts Bakery | 12 The Coffee Cup | 20 Circa 1800 |
| 5 Blue Moon Cafe | 13 NY Bagels* | 21 Taste of West Africa |
| 6 Antonella's Ristorante* | 14 The Wine Cafe | 22 Reyhan Turkish Kebabs |
| 7 Legendz Restaurant & Sports Bar | 15 Sherefe | |
| 8 Rude Awakening Coffee House | 16 Walker's Cafe | |

ARTS & ENTERTAINMENT

- | | | |
|---|-------------------------------|---------------------------------|
| 1 Airborne & Special Operations Museum | 5 Xscape Factor | 9 Fascinate-U Children's Museum |
| 2 Transportation & Local History Museum | 6 Cameo Theater | 10 Gilbert Theater |
| 3 Cape Fear Studios | 7 Gallery 116th | 11 Fayetteville Light Infantry |
| 4 Arts Council | 8 City Center Gallery & Books | |

SHOPPING

- | | | |
|------------------------|------------------------|------------------------|
| 1 Southern Alternative | 5 Water Guy Jewelers | 9 Manhattan Men's Wear |
| 2 A Bit of Carolina | 6 The Cotton Exchange | 10 Downtown Lady |
| 3 The Promise | 7 Prim & Proper | 11 REDTRO Habitat |
| 4 Turner Lane | 8 Gullah Girl Boutique | 12 PRESSED |

AMTRACK CITY HALL RAIL * Opening in Spring 2019

Demonstrated Success

PCH delivered its first project in downtown Fayetteville in 2019 – The Gathering at the Prince Charles. This project involved the adaptive re-use of a historic building into retail on the ground floor and 59 for-rent residential units above. Today, the project is 93%+ occupied with a blended rental rate of \$1.93/SF. The Gathering at the Prince Charles has served as a demonstration project that the Fayetteville market can support higher rental rates, particularly for smaller urban units.



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Setting the Standard

PCH strongly believes the Stadium View Residential units will be better positioned to obtain even stronger rental rates than next door. PCH's principals have identified a conservative blended residential rental rate of \$1.90 for the Stadium View units. After working in this market for more than five years, PCH is confident the market will support, and likely exceed, these rents.

While PCH's proposed rental rates represent a significant premium over the market, the gross monthly rental rates are in-line with the market. The reason why is the Basic Allowance for Housing ("BAC") provided to all active duty soldiers for FY2020 starts at \$940/month with no dependents. The majority of the existing multi-family units in the Fayetteville market are traditional garden style units with open corridors and no elevators. These properties offer much larger unit sizes and compete based on proximity to Ft. Bragg and amenity packages.

PCH has a different investment thesis that has proven successful with The Gathering at the Prince Charles and will only be improved at Stadium View – our target market (including active duty soldiers) are willing to live in smaller units at same or slightly higher rents in an urban, mixed-use location.

Comparison of Stadium View vs. The Gathering at Prince Charles

	Ballpark Residential	The Gathering at the Prince Charles
Ceiling Heights	9 – 10'	Majority at 8' to 8.25'
Windows	New aluminum	Original wood frame windows with single pane glass (acoustical and energy inefficient)
Amenity Package	Pool deck, shared common area/game room overlooking baseball stadium, private balconies and 750 SF fitness room	250 SF fitness room
Views	Superior as all units located on top of parking garage with 20% of units overlooking baseball stadium	Only 12% of units have views into baseball stadium
Parking Location	Immediately below units in parking garage	Residents must exist building and walk to parking garage's elevators or stairs

Target Market

The target market for Stadium View is similar to the current residents at The Gathering at the Prince Charles, of which each group currently represents about a third of its residents:

Young professionals: For young professionals moving to Fayetteville from urban locations, The Gathering at the Prince Charles is the only downtown apartment community in Fayetteville today. Many of these professionals are employed at Cape Fear Valley Health System (CFVHS), the local hospital system that is owned by the County and continues to grow through acquisitions. CFVHS recently established its own medical residency program with total enrollment of about 300 residents participating in this three-year program.

Baby Boomers: Downtown Fayetteville's walkability has attracted baby boomers, particularly singles, to The Gathering at the Prince Charles. With a small movie theater, outdoor amphitheater, library, walking trails, and 20+ food and beverage establishments, downtown Fayetteville is ideal location for baby boomers.

Active Duty Soldiers: While not targeted or marketed to specifically, The Gathering at the Prince Charles has attracted multiple active duty soldiers, particularly officers. This segment of the market is eager for additional housing options separated from the base and offering on-site amenities



Strength of Ft Bragg

Ft. Bragg is one of, if not the most, important strategic army base in the United States. It is also the largest military installation in the United States with more than 50,000 active duty troops. Today, Ft. Bragg has the second highest number of Army Generals of any base with only the Pentagon having more. Ft. Bragg is home to multiple commands, including:

- U. S. Army Forces Command that consists of more than 750,000 Active Army, U. S. Army Reserve, and Army National Guard soldiers;
- U. S. Army Special Operations Command which is the Army component of the joint U. S. Special Operations Command;
- U. S. Army Reserve Command;
- Joint Special Operations Command; and
- U. S. Army Civil Affairs and Psychological Operations Command (Airborne).

Due to the presence of these commands and its generals, defense contractors continue to expand in Fayetteville. For example, in August 2018 Booz Allen Hamilton (BAH) announced it would increase its local workforce by adding 208 new jobs. BAH is one of dozens of military contractors with physical presences in Fayetteville, including Boeing, Lockheed Martin, General Dynamics, among others.

The 2005 BRAC significantly increased the importance of Ft. Bragg and this importance has only grown as the Department of Defense continues to invest more and more heavily in special operations, of which the U. S. Army Special Operations Command and the Joint Special Operations Command are both based at Ft. Bragg. While there are potentially discussions about additional base re-alignment and closure plans (BRAC), local officials do not expect any significant impact with Ft. Bragg



Financial Summary

Investment Overview	
Total Development Cost	\$41,700,000
Investor Equity	\$11,000,000
Hold Period	10 years (Opp Zone)
Project IRR	15%
Equity Multiple	3.2x

Developer's Sources	
Mortgage	\$29,198,127
Deferred Fees	\$0
Sponsor Equity	\$1,500,000
Investor Equity	\$11,013,483
Total Permanent Sources	\$41,711,610
Developer's Uses	
Acquisition	\$2,000,000
Hard Costs	\$32,780,016
Soft Costs	\$3,259,676
Other Costs	\$3,671,918
Total Uses	\$41,711,610

Stadium View: Development Budget				
	Assumption	Cost	Cost/SF (bldg)	% of Total
Land Acquisition		\$ 2,000,000	\$ 12.11	4.8%
Hard Costs				
Construction (includes profit)				
Residential	\$ 175	\$ 28,899,063	\$ 157.80	69.3%
Retail	\$ 60	\$ 1,080,000	\$ 5.90	2.6%
Retail Tenant Improvements	\$ 30	\$ 540,000	\$ 2.95	1.3%
Garage Costs (lobby, stairs, elevator shafts, etc.)	0.0%	\$ 500,000	\$ 2.73	1.2%
Off-site Staging		\$ 75,000	\$ 0.41	0.2%
Demolition & Site Prep		\$ 50,000	\$ 0.27	0.1%
Environmental remediation		\$ 50,000	\$ 0.27	0.1%
Infrastructure & Off-site Improvements		\$ 25,000	\$ 0.14	0.1%
Contingency	5%	\$ 1,560,953	\$ 8.52	3.7%
Subtotal		\$ 32,780,016	\$ 178.99	78.6%
Soft Costs				
A&E	6.50%	\$ 2,130,701	\$ 11.63	5.1%
Legal fees		\$ 200,000	\$ 1.09	0.5%
Property Taxes (City+County+MSD rate per \$100 in value)	\$ 1.326	\$ 11,006	\$ 0.06	0.0%
Lender's Title Insurance (per \$1000 in loan)	\$ 2.00	\$ 58,396	\$ 0.32	0.1%
Government Fees (i.e. building permit, plan review, utility connection etc.)		\$ 100,000	\$ 0.55	0.2%
Appraisal		\$ 30,000	\$ 0.16	0.1%
Market Study		\$ 25,000	\$ 0.14	0.1%
Accounting		\$ 40,000	\$ 0.22	0.1%
Construction Mgmt		\$ 400,000	\$ 2.18	1.0%
Retail Leasing Commission	6%	\$ 109,350	\$ 0.60	0.3%
Contingency	5%	\$ 155,223	\$ 0.85	0.4%
Subtotal		\$ 3,259,676	\$ 17.80	7.8%
Other Costs				
Loan Fees (% of total loan, includes origination)	1.0%	\$ 291,981	\$ 1.59	0.7%
Developer Fee (% of TDC)	4%	\$ 1,441,588	\$ 7.87	3.5%
Start-up Expenses (i.e. marketing, signage, models, etc.)		\$ 150,000	\$ 0.82	0.4%
Mezz Debt interest		\$ 500,000	\$ 2.73	1.2%
Operating Deficit		\$ 500,000	\$ 2.73	1.2%
Construction Loan Carried Interest	\$ -	\$ 788,349	\$ 4.30	1.9%
Subtotal		\$ 3,671,918	\$ 20.05	8.8%
TOTAL DEVELOPMENT COST		\$ 41,711,610	\$ 227.76	100.0%

Detailed financials and information on Opportunity Zones (and associated tax advantages) are available upon request

Development Timeline

- Sept. 2020 – Submit for permitting
- Dec. 2020 – Close on financing
- Jan. 2021 – Break ground
- Q2 2022 – First residents move in



Developer Profile

PCH Development combines 50+ years of development and architectural expertise centered around urban mixed-use projects

Michael Lemanski is the Founder of New South Ventures, a development firm which specializes in city center keystone projects. His redevelopment portfolio targets projects in previously undervalued downtowns. He is best known for his leading role in transforming downtown Durham's City Center. Two of his firm's recent successes are the redevelopment of the historic Hill building into 21c Durham Museum + Hotel, a high-end boutique hotel, as well as the construction of One City Center, a 27-story residential mixed-use project.

Rory Dowling serves as Project Manager for the Hay Street Master Development. He has focused his real estate career on revitalizing communities throughout the Southeast and currently manages over \$75M of redevelopment. His work focuses on public-private partnerships in tertiary markets involving creative financing strategies.

Jordan Jones serves as Project Manager for PCH Development Co., LLC where he oversaw the historic renovation of the adjacent Prince Charles Hotel into apartments and retail. Mr. Jones was born and raised in Fayetteville and has strong relationships with local leaders. His great great grandfather built the Prince Charles Hotel in the 1920s through a company he founded called JA Jones Construction Company.

Bob Bistry leads the Development Team's design work. Mr. Bistry is a Principal at Built Form Architecture in Chicago and has also worked at some of the world's largest firms. He has extensive experience working on a variety of projects domestically and internationally including high-rise office, hospitality, residential towers, large mixed-use developments and public and institutional facilities.



One City Center – Durham NC



Festival Park Plaza – Fayetteville NC



Gathering @ Prince Charles – Fayetteville NC



21c Hotel – Durham NC

Consultant Team

The PCH principals have an established and long-standing working relationship with our design and construction professionals. These working relationships ensure an efficient, cost-effective, and well-orchestrated design and development process.



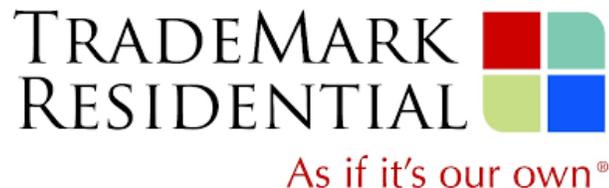
PCH has been working with BultForm Architecture for 15 years throughout NC. The firm has extensive experience with large mixed-use development across the world.



BBC is one of the largest and most well-respected construction companies in the southeast.



Catapult is a full service commercial real estate firm providing construction management services for PCH. This is the 3rd project PCH has worked on with Catapult



Trademark Residential will provide property management for Stadium View. In business for over 35 years, Trademark currently provides property management for the Residences @ Prince Charles next door